

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6027**

**BILL NUMBER:** SB 16

**NOTE PREPARED:** Oct 23, 2006

**BILL AMENDED:**

**SUBJECT:** Sales Tax on College Textbooks.

**FIRST AUTHOR:** Sen. Steele

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that sales of textbooks are exempt from the state Sales Tax if: (1) the textbooks are required for an undergraduate course at an accredited college or university; and (2) the purchaser is a student enrolled in an accredited college or university or the parent or guardian of a student enrolled in an accredited college or university.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** This bill will increase the administrative costs of the Department of State Revenue (DOR). The DOR will have to amend the Sales Tax forms, as well as update computer software. It is estimated that the provisions of this bill can be implemented within the existing level of resources available to the DOR.

**Explanation of State Revenues:** This bill will reduce Sales Tax revenue by approximately \$5.5 M in FY 2008 and \$6.6 M in FY 2009. The bill provides an exemption for textbooks required for undergraduate courses at an accredited college or university, as long as the textbooks are purchased by a student or a student's guardian, and the student is enrolled in an accredited college or university.

Sales Tax revenue is deposited in the Property Tax Replacement Fund (50%), the state General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%). The table below illustrates the reduction in Sales Tax revenue that would be distributed to each of these funds.

<b>Fund</b>	<b>FY 2008</b>	<b>FY 2009</b>
General Fund	\$2,710,000	\$3,261,000
Property Tax Replacement Fund	\$2,754,000	\$3,315,000
Public Mass Transportation Fund	\$35,000	\$42,000
Industrial Rail Service Fund	\$2,000	\$2,000
Commuter Rail Service Fund	\$8,000	\$9,000
<b>TOTAL</b>	<b>\$5,509,000</b>	<b>\$6,629,000</b>

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** National Retail Federation's *2006 Back-to-School Consumer Intentions and Actions Survey*; BIGresearch, July 2006. Enrollment statistics from the National Center for Education Statistics, [http://nces.ed.gov/programs/digest/d04\\_tf.asp](http://nces.ed.gov/programs/digest/d04_tf.asp).

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